

2025

Disclosure Statement

Operating Principles for

Impact Management

June 2025



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I. Statement by authorized executive

To our stakeholders:

The *Société de Promotion et de Participation pour la Coopération Economique* ("Proparco") is a founding signatory to the Operating Principles for Impact Management ("the Impact Principles"). The Impact Principles set inspiring goals to reach for all responsible finance investors eager to promote business in common. They provide standards and guidelines for an analytical and systemic approach to impact measurement. They also allow for sufficient flexibility for all impact investors – from asset managers, asset owners, asset allocators, to development finance institutions – to utilize their own impact management systems while harmonizing on emerging best practices.

This 2025 Disclosure Statement reaffirms that Proparco's impact management systems, policies and practices are aligned with the Impact Principles. Total assets under management in alignment with the Impact Principles are EUR 8,7 billion¹ as of December 31, 2024.²

Françoise Lombard
Proparco Chief Executive Officer

A handwritten signature in blue ink, appearing to read "F. Lombard", written over a horizontal line.

¹ Equivalent to USD 9,071 billion at the exchange rate prevailing at the end of December 2024. This corresponds to all assets under Proparco management in Proparco's own account investment and includes the following amounts:

- (i) Portfolio exposure in debt: EUR 6,048 billion (USD 6,289 billion);
- (ii) Portfolio exposure in equity stakes and quasi-equity: EUR 1,795 billion (USD 1,866 billion).

Exposure is defined as the sum of the (i) committed exposure for Proparco's debt investments, (ii) fair market value of Proparco's equity investments, and (iii) total undisbursed equity commitments. Subsidies and TA that are not in Proparco's own balance sheet are not included.

² The sole purpose of this Disclosure Statement is to fulfill Proparco's obligations pursuant to Principle 9. This document shall not constitute and should not be construed as an offer, solicitation or invitation to buy or sell any securities, financial instruments or services whether described herein or otherwise, or as any prospectus or investment-related advice in relation thereto, nor is it intended to form the basis of a decision to participate in any investment. Proparco makes no guarantee or other promise as to any outcomes, including any financial or development impact results that may be obtained from the practices disclosed in this statement. While past performance may be analyzed in this Disclosure Statement, past performance should not be considered indicative of future performance. Accordingly, Proparco shall not have any liability to any of the recipients of this Disclosure Statement, nor to any other party in connection with or arising in any way from, or in relation to, the information or any opinions expressed in this Disclosure Statement, and Proparco does not accept any responsibility whatsoever for any action taken, or omitted to be taken by any party on the basis of any matter contained in, or omitted from, the Disclosure Statement.

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II. Statement of alignment

This statement reflects management practices as of June 2025.

PRINCIPLE 1: DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social, economic, or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The strategic intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible expectation of achieving the impact objectives through the investment strategy; and that the magnitude (scale and/or intensity) of the expected portfolio impact is proportionate to the size of the investment portfolio.

- As a member of the Agence Française de Développement (AFD) Group, Proparco has been dedicated to sustainable private sector development in emerging markets for over 45 years. Our mission centers on financing and supporting companies, infrastructure, and financial institutions that promote inclusive and sustainable growth. The AFD Group new strategy for the period 2025-2030, which is the overarching strategy for all the Group's entities, lays out four commitments, one of them is being 100% SDGs aligned and impact oriented with a focus on three priorities:
 - Sustainable and resilient infrastructure
 - Economy and SDG finance
 - Human development and social progress
- Proparco's own strategy for 2023–2027, *Acting Together for Greater Impact*³, translates this mission into private sector-specific commitments. It is built on three strategic objectives:
 - Acting for a more resilient and sustainable economy
 - Acting for our planet
 - Acting for greater equality

All projects must contribute to at least one of these strategic goals. These objectives are backed by quantitative and qualitative strategic indicators, tracked annually or over multiple years.

³ www.proparco.fr/en/actualites/acting-together-greater-impact-proparcos-new-strategy

A STRATEGY DRIVEN
 BY **IMPACT-BASED
 OBJECTIVES FOR
 A MORE JUST AND
 SUSTAINABLE WORLD**



Figure 1: Proparco's strategic objectives

- Proparco's impact thesis⁴, developed in 2023, illustrates the causal pathways linking inputs, beneficiaries, supported activities, outputs, and expected outcomes. This strategic framework ensures that all investments contribute meaningfully to the SDGs.
- Each strategic objective is underpinned by strategic steering indicators with quantitative targets to be reached annually or on a multi-year basis.

⁴ [Proparco's impact thesis](#)

IMPACT THESIS

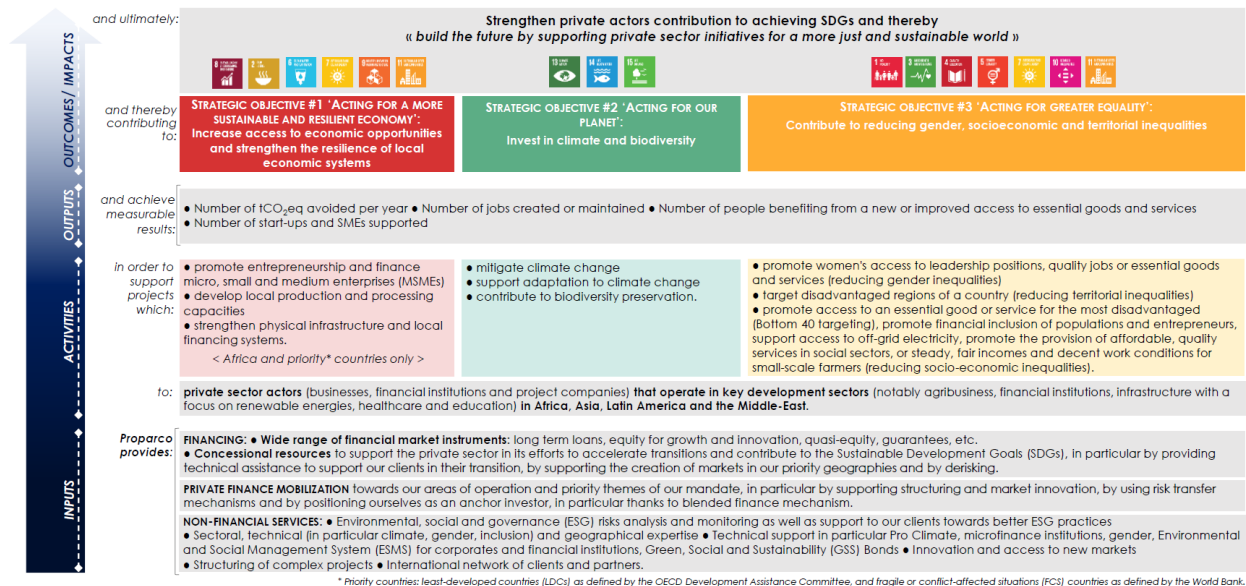


Figure 2: Proparco's impact thesis

- In order to maximise impacts, our new strategy is underpinned by:
 - Three differentiated approaches for adapting our solutions to the specific needs of our clients, taking into account the complexity and reality on the ground, and one lever for action:
 - **Enabling:** Intensifying our pioneering efforts to support the emergence of new markets and new players, financing innovation, testing new business models and making a more meaningful contribution in fragile environments.
 - **Strengthening:** Enhancing impacts. As such, technical assistance will be offered to our clients on a more systematic basis, in order to further support the generation of positive impacts, particularly in terms of planet protection and reduction of inequalities.
 - **Amplifying:** Working further with our clients over the long term in order to maximise their impact on sustainable and inclusive growth, thanks to a multi-annual partnership providing clients with expertise, networks, human resources and funding.
 - And one lever for action, **Mobilising:** Leveraging private finance in order to enable, strengthen and amplify projects with positive impacts and thus further contribute to achieving the Sustainable Development Goals (SDGs) (more details provided in Principle 3 section).
- Our strategy places a special emphasis on impacts. Impacts are identified and examined at all stages of Proparco's relationship with its partners: from the project identification phase using the Sustainable Development scoring tool (more details in Principle 2 and Principle 4 sections), to the project execution phase through the monitoring of actual impacts.
- In 2023, we widespread the use of the Sustainable Development score tool to all our funding to frame the impact analysis and set up a unique and shared method. The tool has also been updated to be fully aligned with the new strategy and is used to track the projects alignment with our strategic objectives.

PRINCIPLE 2: MANAGE STRATEGIC IMPACT AND FINANCIAL RETURNS AT THE PORTFOLIO LEVEL

The Manager shall have a process to manage impact achievement at the portfolio level, similar to that of managing financial returns. The objective of the process is to establish and monitor expected impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

We manage Impact and financial performance in parallel at the portfolio level. Strategic indicators guide performance monitoring, with a real-time dashboard accessible to all staff. This ensures collective ownership and continuous improvement.

Proparco evaluates each investment through:

1. Expected development impact (via the Sustainable Development Scoring Tool and impact indicators)
2. Financial return expectations
3. Risk assessments
4. Potential to mobilize private finance

In order to strengthen the integration of sustainable development objectives in our operations, we introduced in 2023 the Sustainable Development scoring tool. The latter is structured around three pillars – which are aligned with Proparco's three strategic objectives, and seven dimensions. Each investment is analysed through the Sustainable Development scoring tool (details provided in Principle 4 section).

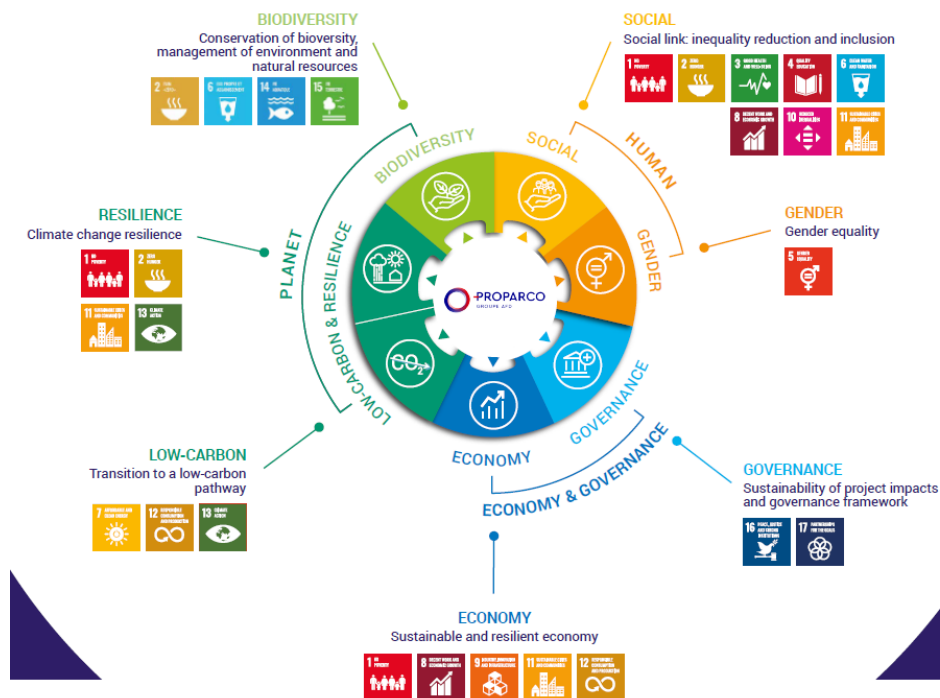


Figure 3: Proparco's Sustainable Development scoring system

- At Proparco, we measure impact throughout three stages of the lifecycle and through four exercises.

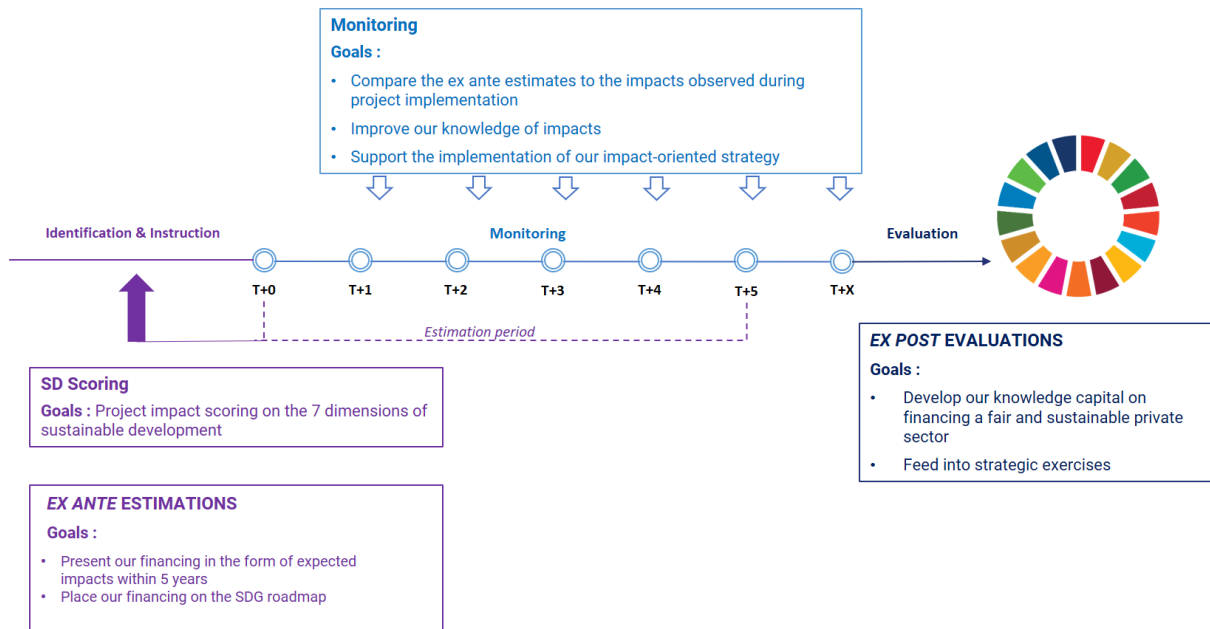


Figure 4: Measuring impacts throughout the project cycle

- We assess every new investment on its expected impact on development using aggregate impact monitoring indicators (ex ante estimations).

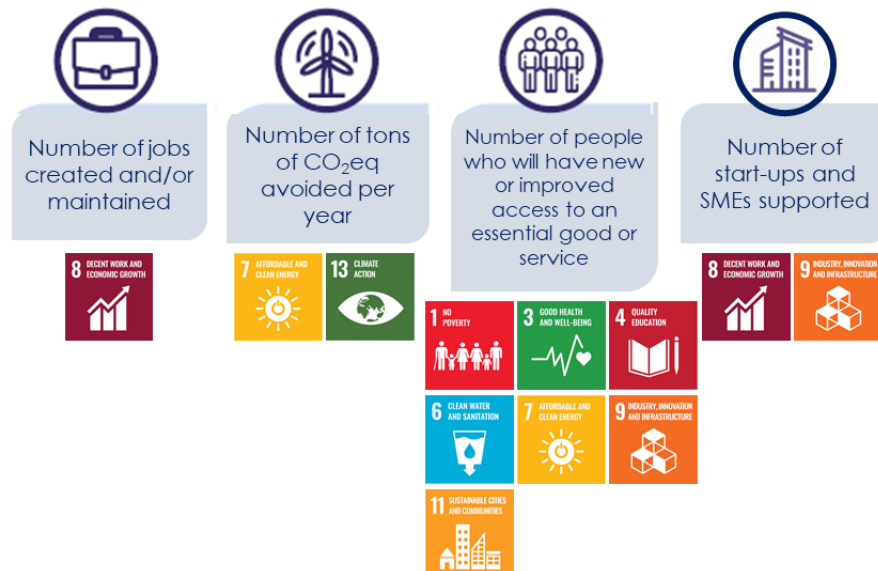


Figure 5: Proparco's impact monitoring indicators

These Impact monitoring indicators are aligned with the Joint Impact Indicators and draw on DFI's Harmonised Indicators for Private Sector Operations (HIPSO), the Global Impact Investing Network's Impact Reporting and Investment Standards (IRIS), the 2X Challenge indicators.

Proparco completes sector specific *ex ante* impact assessment templates for each investment. The Project appraisal document describes the challenges addressed by each investment, along with a description of the solution offered by each client.

- These indicators reflect Proparco's actions towards a just and sustainable development, and allow for comparability across investments. They provide qualitative and quantitative reporting on the impacts. These impacts and the SDGs they contribute to are the focus of Proparco's annual Impact report.
- Annual monitoring of impact indicators has been a strategic work stream for Proparco since 2019 (details regarding 2024 impact monitoring exercise are provided in Principle 6 section). The progress made in the annual monitoring of impact indicators contributes to:
 - Supporting the implementation of our impact-focused strategy. The analysis of observed impact indicators helps identify additional impact opportunities and levers, as well as resource allocation strategies to maximize impacts (prioritizing actions to be taken internally and with clients).
 - Improving our understanding of impacts. The results of the monitoring and the reliability of the *ex ante* estimates of impact indicators enable us to review and refine our processes and methods related to impact measurement. The collected data and their analysis contribute to enhancing collective knowledge of impacts
- Proparco staff, as part of AFD Group staff, have an incentive indicator related to the level of impact indicators data estimated during the project appraisal and collected during the monitoring period.

PRINCIPLE 3: ESTABLISH THE INVESTOR'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

The Manager shall seek to establish and document a credible, transparent narrative on the investor's contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels, and assessed for the individual investment, or from a portfolio perspective. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- Proparco's mandate includes being additional as a pre-requisite for any investment to be conducted. Its operations focus on areas where its assistance is most needed and where it has the highest added value, particularly in terms of non-financial assistance. Proparco's additionality is questioned during the origination phase and is a condition for any deal to be investigated further.
- For each investment, expected impact and environmental & social diligences are conducted alongside financial, legal or risk diligences. The impact rationale for the investment, including Proparco's contribution to the achievement of the impact and outlining both financial and non-financial contributions, is documented through the results measurement framework. Proparco's value creation plan and associated deployed means (E&S advisory, climate action plans, Technical Assistance ("TA"), Governance action plans, etc.) are described in the project documentation presented to the Investment Committee and inform the final decision.
- Benefiting to all clients whose operations have expected unlocking effects on impact, Proparco keeps on developing and diversifying its range of support in order to increase the impact of its clients' operations. This involves deploying TA projects⁵ and mobilizing delegated funds from several sources external to Proparco – notably from the European Commission – combined with its own instruments according to blending methods. The use of these concessional funds and grant resources from Agence Française de Développement ("AFD") and the French Government, blended with market instruments, enables Proparco to diversify and tailor its instruments to the needs and level of risks of companies, while maximizing the impact of its action. Deployment of a range of instruments with strong leverage effect on private finance mobilization such as equity and guarantees is another opportunity for Proparco to contribute further to supporting its clients on building their strategies towards impact achievement.
- Our technical assistance projects aim to boost the positive impact of our clients, and we provide tailored support based on the client profile and the business context. Our Technical Assistance team developed different facilities aligned with our three strategic objectives to strengthening the ability of our clients to generate more positive impacts. Each facility aims to reinforce an action towards the researched impacts of each objectives. The facilities are also aligned to our differentiated approach (described in Principle 1):
 - Enabling : project enhancing the innovative performance and capacity of high-impact companies operating in fragile countries
 - Strengthening : projects boosting customers' capabilities in areas that generate positive impact (such gender, climate, accessibility)

⁵ PROPULSE, Proparco's technical assistance offer, aims to strengthen the capacities of clients (or prospective clients in exceptional cases) in order to address capacity building and/or business transformation/development issues. The objective is to generate more positive impacts, by providing clients with expertise and know-how to support their transition. For more details, see <https://www.proparco.fr/en/ressources/propulse-english-version>.

- Amplifying: funding client activities that have a major impact on an entire ecosystem
- Four types of modalities could be considered:
 - Off the shelf facilities
 - Thematic facilities
 - Tailor made projects
 - Multi clients training (PROPULSE ACADEMY)
- Also, as the need to mobilize private resources is at the heart of discussions around how to finance the SDGs, as per our 2023-2027 strategy Proparco has adopted a new “Mobilising” approach aiming at amplifying our catalytic role in leveraging private finance towards our geographies of intervention and priority themes of our mandate. Three priorities have been defined in this regard:
 - Supporting structuring and market innovation,
 - Using risk transfer mechanisms, and
 - Positioning ourselves as an anchor investor, in particular thanks to blended finance mechanism.

This approach is associated with a strategic steering indicator which is tracked, in addition to OECD and MDB reporting on private finance mobilization.

PRINCIPLE 4: ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

For each investment, the Manager shall assess, in advance and, where possible, quantify the concrete positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact differing from ex ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow international best practice conventions.

- Our resources play a crucial role in supporting local development as part of our investment approach. During the identification and appraisal stages, we evaluate how each investment positively impacts various aspects of sustainable development—such as biodiversity, climate mitigation and adaptation, social inclusion, gender equality, the economy, and governance—using our Sustainable Development scoring tool introduced in the Principle 1 section.
- The Sustainable Development Scoring Tool facilitates the assessment of investment impacts by structuring the analysis around three core pillars: Planet, Social, and Economy. These pillars are further broken down into seven key dimensions—Biodiversity, Climate Mitigation, Climate Adaptation, Social, Gender, Economy, and Governance. The tool supports evaluating the positive contributions of projects to sustainable development while adhering to a "do no harm" principle.
- An ex-ante score, ranging from -2 to +3, is assigned to each dimension. The overall results are visually represented in a chart that displays the scores across the different dimensions. This chart is included in project identification and appraisal documents to inform decision-making processes effectively.
- As outlined in Principle 1 section, all projects must contribute to at least one of our strategic goals. Contribution is determined by achieving a score +2 or higher in at least one dimension, excluding governance.

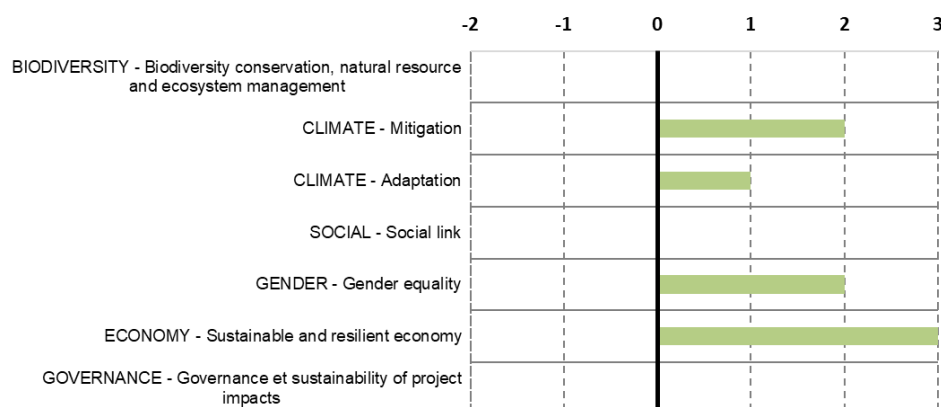


Figure 6: Example of Proparco's Sustainable Development score graph (for one investment)

- Negative notes may be issued when a potential risk of adverse impacts is identified. Further details on the assessment and monitoring of negative impacts are provided in Section 5 of the Principles.
- We use Impact monitoring indicators (listed in Principle 2 section) to assess *ex ante* the expected developmental, environmental and social impacts of each investment. We collect the required data during due diligences and through exchanges with clients and project studies. These quantitative indicators include effects on employment, SME funding, gender equality, access to essential goods or services, avoided GHG emissions.
- We assess the expected contribution of each investment to the Sustainable Development Goals (SDGs) using a dedicated mapping methodology developed for the AFD Group. This approach connects the key attributes used to classify and monitor projects—such as sector codes, markers from the OECD's Development Assistance Committee (DAC), impact monitoring indicators, and sustainable development scores—with the relevant SDGs and the SDGs targets.
 - In addition to the SD scoring tool, which provides an overarching view of the expected impacts, we have developed an Impact Assessment Template for each investee's type. This template, used for each investment, allows for a more detailed calibration of targeted impacts by consolidating all relevant impact and SDG data. It incorporates various measurement tools to estimate key indicators such as employment creation, SME support, CO2 emission avoidance, and access facilitated through our infrastructure projects.
 - Impact indicators are calculated using client data in conjunction with a combination of internal and established impact measurement methodologies and tools (e.g., HIPSO, IRIS, JIM, 2X). This *ex-ante* data serves as the baseline for ongoing monitoring efforts.
 - Impact is assessed over a five-year period and monitored annually, contingent upon the availability of data from clients. Further details on the impact data collection cycle are outlined in Principle 6.
 - The SDGs targeted by each funding are identified based on the methodology described above.

- The impact indicators, the SDG contribution and SD notation chart are included in the project documents. They inform about the investment impacts ambitions and are part of the funding decision and must be clearly displayed and documented.
- To support an impact-driven investment strategy from the initial deal identification stage, we have developed 25 sector-specific impact manuals. These manuals provide a consistent framework for analyzing and articulating development impacts across various sectors. Created collaboratively by the Impact Division and front office teams, they are regularly updated to ensure relevance and accuracy. The manuals are primarily intended for investment officers and regional offices, particularly during project screening and assessment phases. They facilitate a more efficient and coherent understanding of potential project impacts and help identify additional impact opportunities. Each manual details project types aligned with Proparco's strategic objectives, presents a sector-specific impact thesis linked to these objectives, and offers guidance on Sustainable Development scoring across all relevant dimensions. Additionally, they enhance our prospective knowledge of impacts by sector and operation type, supporting more informed decision-making.

The likelihood of achieving the investment's intended impact, while not currently quantified, remains a core focus for us.

PRINCIPLE 5: ASSESS, ADDRESS, MONITOR, AND MANAGE THE POTENTIAL NEGATIVE EFFECTS OF EACH INVESTMENT

For all investments, the Manager shall seek to avoid, minimize, or mitigate potential negative effects by assessing and monitoring Environmental, Social and Governance (ESG) and other non-financial risks, as well as the performance of the investee in managing material ESG issues. Where appropriate, the Manager shall engage with the investee company to seek its commitment to take action to address potential gaps in current investee systems, processes and practices, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, provide support where appropriate, and address unexpected events.

- Proparco's environmental and social (E&S) approach is grounded in a risk-based methodology with reference to the IFC Performance Standards, the International Labour Organization (ILO) International Labour Standards, and the United Nations Guiding Principles on Business and Human Rights. This approach is harmonized with the practices of other European Development Finance Institutions. It involves: (i) conducting an assessment of E&S risks for each project through a thorough understanding of the project's context and characteristics (categorization); (ii) ensuring that the project does not involve any activities listed on the AFD Group's Exclusion List; and (iii) where necessary, developing an ESG action plan in collaboration with the client to address material ESG risks and enhance the project's E&S performance. Additionally, a systematic pre-screening is performed to evaluate the project's exposure to climate-related risks.
- Proparco is a member of the Corporate Governance Development Framework. As such, through a risk-based approach, Proparco uses several diagnostic and assistance tools to assess and monitor the corporate governance of its equity clients (a pre-analysis rating tool, a matrix to measure the maturity of governance, questionnaires, etc.). When appropriate, the corporate governance experts develop adequate recommendations in accordance to the Corporate Governance Development Framework guidelines.⁶
- Potential negative effects on climate are also assessed during project appraisal through an evaluation of the carbon footprint of direct operations (including induced GHG emissions in the supply and value chains) and operations identified as presenting a risk of misalignment with the Paris Agreement are subject to a specific analysis. For direct investments this analysis focuses on three aspects in particular:
 - the project must align with the decarbonation and resilience pathway of the country of intervention (or of the sector in the case of impact outrunning the nationwide scale),
 - the project must not lead to a long-term structural "lock-in" effect (i.e. locking the country of intervention into long-term trajectories of high emissions or insufficient adaptation measures, which would be inconsistent with a decarbonisation or resilience trajectory), and
 - the project must not create the effect of crowding out investments towards less carbonated or more resilient alternatives.

In 2021, Proparco advanced its commitment to the "100% Paris Agreement" by expanding its analysis to include intermediated operations, such as financial institutions and investment funds. We evaluate associated climate risks and collaborate with our financial partners—particularly those heavily exposed to highly-emissive sectors—to enhance their integration of climate considerations into their strategies.

⁶ This framework agreement supports the implementation of a common policy and methodology for good governance, based, for example, on the work of IFC on its performance standards. More information at: <http://cgdevelopmentframework.com/>

Following this analysis, operations identified as presenting a risk of misalignment with the Paris Agreement are considered to be incompatible with the Paris Agreement, and are therefore "abandoned" at the appraisal stage, often as early as the identification stage.

- Regarding financial climate risks, Proparco together with AFD Group has been working on integrating physical, transition and litigation risks into its risks analysis process. A methodology and operational tools are currently being developed by Proparco to allow for a more systematic assessment of related risks during the appraisal process.
- During the execution of the operation, Investment Officers, supported by the ESG Division, oversee the implementation of ESG mitigation measures. This monitoring is essential for ensuring adherence to best practices over the long term and for enhancing clients' sustainability performance. It involves the calculation of key indicators, which are regularly assessed and reported by Proparco's ESG team. This process reflects the evolution of ESG performance and the residual ESG risks throughout each project's lifecycle. When necessary, a dedicated technical assistance program may be established with the project to facilitate ESG improvements. In the event of unforeseen ESG-related incidents, a specific protocol is followed, including the addition to a "ESG watchlist." The ESG watchlist serves to closely monitor the project and support the client in identifying and implementing appropriate corrective measures.
- Since 2019, Proparco joined an Independent Complaints Mechanism (ICM) where individuals, groups, communities or other parties who believe to be adversely affected by a project financed or planned by Proparco can make a complaint and will be heard by independent experts. The Independent Complaints Mechanism Proparco accessed to is a joint initiative of DEG (Deutsche Investitions und Entwicklungsgesellschaft) and FMO (Netherlands Development Finance Company). It serves the following functions with respect to Admissible Complaints:
 - Attempt, whilst acting as a problem solving function, to resolve concerns raised by the Complainant(s) through a consensual process with the Complainant, Client and other relevant stakeholders (as appropriate),
 - Evaluate and report compliance with Proparco policies and other applicable standards,
 - Provide advice and recommendations to Proparco management, and
 - Follow-up and report on efforts to take corrective actions whenever applicable.

PRINCIPLE 6: MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts, including social, economic or environmental impacts, in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate corrective action, consistent with the nature of the investment. The Manager shall also seek to use the results framework to capture investment outcomes, or longer-term effects.

- Proparco annually collects the necessary data from its clients to monitor the impact indicators (the obligation to provide impact data annually is incorporated in each client's legal documentation). Proparco's Impact team continuously works on harmonizing and simplifying indicators to be monitored in order to improve the quantity and quality of data collected⁷.
- Beyond meeting its commitments to transparency and accountability, the annual monitoring of impact indicators allows for comparing actual data to *ex ante* estimates.
- In 2023, Proparco implemented the Impact Data Tool to systematically collect data from its portfolio clients with ongoing projects. This initiative aims to enhance the reliability and accuracy of the data collected. During the monitoring process, we request our investees to provide data for each indicator outlined in the Impact Template. A comparison is then conducted between the estimated data and the collected data to assess progress. The reliability of the data is evaluated for each indicator, based on the quality and availability of the monitoring information.
- Proparco applies an impact attribution methodology that employs a proportional allocation approach. This method considers Proparco's ownership stake in each investee to provide a more accurate representation of our impact. To support this, we also collect annual portfolio metrics from investee companies, enabling precise measurement of our contribution to the overall impact.
- In 2024, Proparco monitored the impacts achieved at the end of 2023 by 429 projects signed before December 31st, 2022 (portfolio of EUR 5.1 billion) in terms of jobs supported, new or improved access to essential goods or services, gender equality and avoided emissions.⁸ A summary of the results is presented in our "2024 Impact report".
- Proparco's philosophy is to provide ongoing advisory and support services to its clients, fostering alignment with international best practices and enhancing their overall impact. For example, if the initial contractual commitments—such as environmental, social, or corporate governance action plans—are not successfully implemented by the client, we proactively work to identify the underlying causes. In certain cases, we may offer targeted financial and non-financial

⁷ Depending on the sectors of activity, this reporting compiles data concerning employment (direct and indirect), the number of women in the company, beneficiaries reached, climate and GHG impact, corporate tax paid, etc.

⁸ These indicators are aligned with the Joint Impact Indicators (JII) and draw on DFIs' Harmonised Indicators for Private Sector Operations (HIPSO), the Global Impact Investing Network's Impact Reporting Investment Standards (IRIS), the 2X Challenge indicators and the Joint Impact Model (JIM).

assistance, including technical support, to help the client improve its practices and thereby maximize the potential and success of the project.

- To enhance the contextual understanding of impact performance data, we conduct ex post evaluations. These thematic evaluations are essential for gaining deeper insights into the outcomes and impacts of our investments, and they serve as valuable inputs for our strategic planning and decision-making processes.

PRINCIPLE 7: CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT

The Manager shall, in good faith and consistent with its fiduciary responsibilities, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact

- In general, as regards debt and guarantee instruments, there is no strategic decision on exits as these are *a priori* self-liquidating. However, the teams do discuss refinancing, repeat deals, and any financial structuring with clients when relevant for the sustainability of the project achievements. Supporting its clients in the long run is part of Proparco's strategy. If a client encounters operational and financial difficulties, Proparco's approach, implemented by a special operations team, is to actively find restructuring solutions that can accommodate the client needs and, if possible, ensure sustained operations and impact.
- When conducting exits in its equity portfolio, Proparco would always consider the timing, the structure, and the choice of the buyer in a concerted manner with its client's needs and preferences as these can have an instrumental effect on sustaining development impact. Exit plans are confirmed during an Exit Committee led by Proparco's CEO, after comprehensive diligences on the buyer's reputation have been conducted.
- Finally, Proparco incorporates contractual safeguards to discourage prepayments, ensuring that loan durations remain aligned with intended impact objectives. Proparco also intends to enhance its "support to client" approach and dedicate more human and TA resources to long-term clients in order to deepen its collaboration with them and improve their innovation skills and management practices in the long run.

PRINCIPLE 8: REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Essential tools for improving our actions, evaluations are a crucial component of learning and accountability. A new monitoring and evaluation policy in AFD Group format is being implemented since 2024. Every year, AFD evaluates a large proportion of its operations, giving priority to those that will be most useful to strategic and operational decision-makers.
- Project evaluation meets Proparco's objective of accountability but also and especially aims to improve its operational process, through the identification of recommendations. Evaluations contribute to feeding into the state of knowledge on development by establishing a link between research and operations. For certain projects or groups of projects, an in-depth *ex post* evaluation is conducted by the Impact division or with support from external consultants. Combined with project-by-project monitoring (see Principle 6), these in-depth studies make it possible to compare the actual results of projects with the results expected at the time of the signing and feed into Proparco's strategic thinking. These are mostly demand-driven evaluations identified to fill knowledge gaps and/or accordingly requested by the investment teams to evaluate global performance.
- As part of the AFD Group, Proparco has access to all evaluations conducted by the group's entities. In 2025, the first Group evaluation report will be published, highlighting all assessments and learnings from the past two years. For Proparco, an evaluation of microfinance institutions in Tunisia with a focus on gender⁹, and another one focusing on the 2X employment criteria¹⁰ have enhanced our understanding of gender impact.
- In addition to the evaluations that Proparco chooses to carry out, donors providing grant funding for specific programs—such as the European Commission or French ministries—also commission in-depth analyses. These evaluations are crucial for assessing the impact and performance of particular programs, such as the evaluation of the Choose Africa Resilience program conducted by the French Ministry of Economy in 2023.

⁹ [Microfinance Tunisia & gender Evaluation](#)

¹⁰ [2X challenge Employment criteria Evaluation](#)

PRINCIPLE 9: PUBLICLY DISCLOSE ALIGNMENT WITH THE IMPACT PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE EXTENT OF ALIGNMENT

The Manager shall publicly disclose, on an annual basis, the extent to which impact management systems are aligned with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall be publicly disclosed, subject to fiduciary and regulatory concerns.

- This Disclosure Statement re-affirms the alignment of Proparco's policies and procedures with the Impact Principles and will be updated annually. Additional information on Proparco's impact management systems and results can be found in Proparco's "2024 Impact report"¹¹ and other publications on Proparco's and AFD's websites, including AFD Group's "2024 results"¹², "2024 Corporate Social Responsibility & activity Report"¹³, various sectoral and thematic activity reports¹⁴, as well as "2025 Evaluations report"¹⁵.
- Independent verifications were conducted in 2020, 2021 2023¹⁶ and 2025. In 2025, Proparco engaged BlueMark¹⁷ to independently verify the alignment of Proparco's impact management practices with the Operating Principles for Impact Management, an industry standard for integrating impact throughout the investment lifecycle.
- Next independent verification will be conducted by June 2027.

Most recent independent verification review: June 2025

Next planned independent verification review: June 2027

¹¹ [Rapport d'impact 2024 | AFD - Proparco](#)

¹² [AFD Group 2024-2025 Results](#)

¹³ [Corporate Social Responsibility & Activity Report 2024 | AFD - Agence Française de Développement..](#)

¹⁴ [Resource Home | AFD - Agence Française de Développement](#)

¹⁵ [2025 Evaluation report](#)

¹⁶ [2023 Verifier Statement](#)

¹⁷ BlueMark, Tideline Inc.'s independent impact verification services, 915-2 Battery St. San Francisco, CA 94111. BlueMark is a leading provider of impact verification services for investors and companies. Founded in 2020, BlueMark's mission is to "strengthen trust in impact investing." BlueMark's verification methodologies draw on a range of industry standards, frameworks, and regulations, including the Impact Management Project, the Operating Principles for Impact Management, the Principles for Responsible Investment, SDG Impact, and the Sustainable Finance Disclosure Regulation